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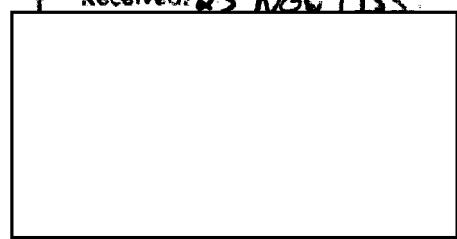
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Received 23 Nov 1953

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23 November 1953

MEMORANDUM TO: Deputy Director (Plans)

THROUGH: Chief, RQM/OIS

1. Attached are:

a. A copy of the Bureau of the Budget's presentation to the IAC.

b. A copy of the IAC minutes of the meeting of last Tuesday at which the foregoing was presented; and,

c. A copy of a memorandum of conversation held in pursuance of IAC instruction.

2. On Tuesday afternoon at 2:30 representatives of the CIA offices are invited to meet in 1128 M Building to discuss views on the memorandum of conversation preparatory to the meeting on Wednesday afternoon at 2:30 with the IAC representatives in 1128 M Building. 10:30

JAMES Q. REBER
Assistant Director

OIC/JQR:pjg (23 November 1953)

Distribution

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1 - Chief, RQM/OIS

2 - OIC (file)

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23 November 1953

MEMORANDUM FOR: Director of Central Intelligence
THROUGH: Deputy Director (Intelligence)
Acting Deputy Director (Administration)
SUBJECT: Budgetary Analysis of Intelligence
Programs

1. In pursuance of your instruction on the above subject at the last IAC meeting, the IAC agencies' representatives have been convened to prepare a classification system for IAC consideration and possible use by the Bureau in its budgetary survey.

2. For your information, there is attached a memorandum of conversation of that meeting. After considering this draft at a coming meeting on Wednesday of this week, we hope to be able to submit our recommendations to the IAC for its consideration on 15 December 1953.

3. This office has no suggestion as to what the DCI or CIA might usefully discuss at the meeting of 24 November, nor do we know of any matters which the agencies will raise at that meeting.

JAMES Q. REBEK
Assistant Director
Intelligence Coordination

OIC:JQR:KM (23 November 1953)

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20 November 1953

MEMORANDUM OF CONVERSATION -- Meeting held in CIA,
18 November 1953,
at 2:30 p. m.

SUBJECT: Budgetary Analysis of Intelligence Programs

REFERENCES: IAC-M-129, Items 1 & 2 and Resume Circulated
by the Bureau of the Budget at IAC Meeting,
17 November 1953

PARTICIPANTS: The IAC agencies' representatives serving as
an ad hoc committee to recommend a classifi-
cation system for the Bureau of the Budget's
Survey of Intelligence Budgets:

Colonel George R. Gretser, G-2
Colonel Lawrence E. Shaw, G-2
Lt. Col. H. C. Hatchell, G-2
Mr. James H. Ennis, State Department
Mr. Sidney Buford, State Department
Cmdr. E. E. Cragg, ONI
Cmdr. W. E. McGonagle, ONI
Colonel Donald H. Ainsworth, AFQIN
Lt. Col. Thomas C. McGuire, AFQIN
Colonel John G. Ondrick, JIG
Mr. Meffert W. Kuhrtz, FBI

CIA

CIA

Mr. James Q. Reber, CIA, Chairman

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1. The referenced documents were discussed.
2. It was agreed that the Chairman would submit to the participants for their consideration and as a basis for further discussion next week his understanding of the preliminary thinking of the group on this subject today.

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3. Such a statement follows:

a) The major functional categories should be restricted to the classical classification of intelligence, namely:
production, collection, and dissemination (part and)

b) Intelligence activities under the category "production" should be classified as follows:

*Estimating
Current.*

1. Political, cultural and sociological
2. Military
3. Naval Forces
4. Air Forces
5. Economic
6. Scientific
7. Technical

*1. geographic (to include area analysis, maps, photo bank, intelligence & related libraries.)
2. scientific (basic)*

c) Alternative 1: No attempt should be made to classify production additionally as basic, current, and national intelligence. Such a division, if made, would be unrealistic inasmuch as in some agencies the employment of personnel on these respective categories of intelligence will vary with the intensity of international relations and crises. There is no formula thus far discovered or used among the agencies which could indicate the actual allocation of resources to those categories of intelligence.'

Alternative 2: There should be a sub-classification in each of the classifications listed in (b) by basic, current and national. In general, it appears that the bulk of intelligence production resources are allocated to basic intelligence (including both the NIS and detailed analytic research), with relatively small resources on current and national estimating.

d) The category "collection" should be classified as overt and covert.

e) Administrative costs for intelligence should be pro-rated rather than set forth as a separate item.

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f) In connection with those activities, whether by intelligence or by operations, which serve purposes other than intelligence, the approximate intelligence cost should be broken out and listed. This is particularly applicable to certain problems in collection, but is not necessarily restricted to collection.

4. It was understood that the group would endeavor to prepare a final paper suitable for IAC discussion on 15 December, and that such paper could elaborate and discuss both that classification system ultimately recommended and those classifications not recommended.

JAMES Q. REBER
Assistant Director
Intelligence Coordination

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